



Reprinted
March 1, 2005

SENATE BILL No. 609

DIGEST OF SB 609 (Updated February 28, 2005 5:44 pm - DI 84)

Citations Affected: IC 6-3.5; noncode.

Synopsis: County income tax distributions. Distributes county adjusted gross income tax (CAGIT) revenue to civil taxing units and school corporations and county option income tax (COIT) revenue to civil taxing units according to a formula that (1) excludes the portion of property taxes used to pay debt issued after June 30, 2005, and (2) includes the previous year's local income tax distribution. Provides that the department of state revenue shall make adjustments to increase a county's certified distribution of CAGIT, COIT, or county economic development income tax (CEDIT) revenue when a county increases the tax rate, in the same manner required when the county initially imposes the tax.

Effective: Upon passage; July 1, 2005; January 1, 2006.

Kenley, Hume

January 24, 2005, read first time and referred to Committee on Tax and Fiscal Policy.
February 8, 2005, reported favorably — Do Pass.
February 28, 2005, read second time, amended, ordered engrossed.

C
o
p
y

SB 609—LS 7754/DI 113+



Reprinted
March 1, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 609

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.5-1.1-1.1 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2006]: **Sec. 1.1. (a) For purposes of**
4 **allocating the certified distribution made to a county under this**
5 **chapter among the civil taxing units and school corporations in the**
6 **county, the allocation amount for a civil taxing unit or school**
7 **corporation is the amount determined using the following formula:**
8 **STEP ONE: Determine the sum of the total property taxes**
9 **being collected by the civil taxing unit or school corporation**
10 **during the calendar year of the distribution.**
11 **STEP TWO: Determine the sum of the following:**
12 **(A) Amounts appropriated from property taxes to pay the**
13 **principal of or interest on any debenture or other debt**
14 **obligation issued after June 30, 2005, other than an**
15 **obligation described in subsection (b).**
16 **(B) Amounts appropriated from property taxes to make**
17 **payments on any lease entered into after June 30, 2005,**

SB 609—LS 7754/DI 113+



C
o
p
y

other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes; to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been

C
O
P
Y



1 **refinanced or increases the total amount that must be paid on a**
 2 **debt or lease in excess of the amount that would have been paid if**
 3 **the debt or lease had not been refinanced. The amount of the**
 4 **deduction is the annual amount for each year of the extension**
 5 **period or the annual amount of the increase over the amount that**
 6 **would have been paid.**

7 SECTION 2. IC 6-3.5-1.1-9 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Revenue derived
 9 from the imposition of the county adjusted gross income tax shall, in
 10 the manner prescribed by this section, be distributed to the county that
 11 imposed it. The amount to be distributed to a county during an ensuing
 12 calendar year equals the amount of county adjusted gross income tax
 13 revenue that the department, after reviewing the recommendation of the
 14 budget agency, determines has been:

15 (1) received from that county for a taxable year ending before the
 16 calendar year in which the determination is made; and

17 (2) reported on an annual return or amended return processed by
 18 the department in the state fiscal year ending before July 1 of the
 19 calendar year in which the determination is made;

20 as adjusted (as determined after review of the recommendation of the
 21 budget agency) for refunds of county adjusted gross income tax made
 22 in the state fiscal year.

23 (b) Before August 2 of each calendar year, the department, after
 24 reviewing the recommendation of the budget agency, shall certify to the
 25 county auditor of each adopting county the amount determined under
 26 subsection (a) plus the amount of interest in the county's account that
 27 has accrued and has not been included in a certification made in a
 28 preceding year. The amount certified is the county's "certified
 29 distribution" for the immediately succeeding calendar year. The amount
 30 certified shall be adjusted under subsections (c), (d), (e), (f), and (g).
 31 The department shall provide with the certification an informative
 32 summary of the calculations used to determine the certified
 33 distribution.

34 (c) The department shall certify an amount less than the amount
 35 determined under subsection (b) if the department, after reviewing the
 36 recommendation of the budget agency, determines that the reduced
 37 distribution is necessary to offset overpayments made in a calendar
 38 year before the calendar year of the distribution. The department, after
 39 reviewing the recommendation of the budget agency, may reduce the
 40 amount of the certified distribution over several calendar years so that
 41 any overpayments are offset over several years rather than in one (1)
 42 lump sum.

C
O
P
Y



(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

(1) initially imposes a the county adjusted gross income tax; or

(2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

SECTION 3. IC 6-3.5-1.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of

C
o
p
y



1 this chapter;

2 (4) revenue that must be used to pay the costs of operating and
3 maintaining a jail and justice center under section 3.5(d) of this
4 chapter; or

5 (5) revenue that must be used to pay the costs of constructing,
6 acquiring, improving, renovating, or equipping a county
7 courthouse under section 3.6 of this chapter;

8 the certified distribution received by a county treasurer shall, in the
9 manner prescribed in this section, be allocated, distributed, and used
10 by the civil taxing units and school corporations of the county as
11 certified shares and property tax replacement credits.

12 (b) Before August 10 of each calendar year, each county auditor
13 shall determine the part of the certified distribution for the next
14 succeeding calendar year that will be allocated as property tax
15 replacement credits and the part that will be allocated as certified
16 shares. The percentage of a certified distribution that will be allocated
17 as property tax replacement credits or as certified shares depends upon
18 the county adjusted gross income tax rate for resident county taxpayers
19 in effect on August 1 of the calendar year that precedes the year in
20 which the certified distribution will be received by two (2) years. The
21 percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
	REPLACEMENT CREDITS	CERTIFIED SHARES
ADJUSTED GROSS INCOME TAX RATE		
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

22 (c) The part of a certified distribution that constitutes property tax
23 replacement credits shall be distributed as provided under sections 12,
24 13, and 14 of this chapter.

25 (d) The part of a certified distribution that constitutes certified
26 shares shall be distributed as provided by section 15 of this chapter.

27 SECTION 4. IC 6-3.5-1.1-12 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 12. (a) The part
29 of a county's certified distribution for a calendar year that is to be used
30 as property tax replacement credits shall be allocated by the county
31 auditor among the civil taxing units and school corporations of the
32 county.

33 (b) Except as provided in section 13 of this chapter, the amount of
34 property tax replacement credits that each civil taxing unit and school
35 corporation in a county is entitled to receive during a calendar year

C
o
p
y



1 equals the product of:

2 (1) that part of the county's certified distribution that is dedicated
3 to providing property tax replacement credits for that same
4 calendar year; multiplied by

5 (2) a fraction:

6 (A) The numerator of the fraction equals the ~~sum of the total~~
7 ~~property taxes being collected by the civil taxing unit or school~~
8 ~~corporation during that calendar year; plus with respect to a~~
9 ~~civil taxing unit; the amount of federal revenue sharing funds~~
10 ~~and certified shares received by it during that calendar year to~~
11 ~~the extent that they are used to reduce its property tax levy~~
12 ~~below the limit imposed by IC 6-1.1-18.5 for that same~~
13 ~~calendar year~~ **allocation amount for the civil taxing unit or**
14 **school corporation during that calendar year.**

15 (B) The denominator of the fraction equals the sum of the ~~total~~
16 ~~property taxes being collected by all civil taxing units and~~
17 ~~school corporations; plus the amount of federal revenue~~
18 ~~sharing funds and certified shares received by all civil taxing~~
19 ~~units in the county to the extent that they are used to reduce~~
20 ~~the civil taxing units' property tax levies below the limits~~
21 ~~imposed by IC 6-1.1-18.5 for that same calendar year~~
22 **allocation amounts for all the civil taxing units and school**
23 **corporations of the county for that calendar year.**

24 (c) The department of local government finance shall provide each
25 county auditor with the amount of property tax replacement credits that
26 each civil taxing unit and school corporation in the auditor's county is
27 entitled to receive **under this section**. The county auditor shall then
28 certify to each civil taxing unit and school corporation the amount of
29 property tax replacement credits it is entitled to receive (after
30 adjustment made under section 13 of this chapter) **under this section**
31 during that calendar year. The county auditor shall also certify these
32 distributions to the county treasurer.

33 SECTION 5. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 14. (a) In
35 determining the amount of property tax replacement credits civil taxing
36 units and school corporations of a county are entitled to receive during
37 a calendar year, the department of local government finance shall
38 consider only property taxes imposed on tangible property that was
39 assessed in that county.

40 (b) If a civil taxing unit or a school corporation is located in more
41 than one (1) county and receives property tax replacement credits from
42 one (1) or more of the counties, then the property tax replacement

C
o
p
y



credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) Subject to subsection (e), if a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the civil taxing unit or school corporation is entitled to use the property tax replacement credits distributed to the civil taxing unit or school corporation for any purpose for which a property tax levy could be used.

~~(d)~~ (e) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund**, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~five (5)~~ **six (6)** funds in proportion to the levy for each fund.

SECTION 6. IC 6-3.5-1.1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 15. (a) As used in this section, ~~"attributed levy"~~ **"attributed allocation amount"** of a civil taxing unit **for a calendar year** means the sum of:

(1) the ~~ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus~~ **allocation amount of the civil taxing unit for that calendar year; plus**

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

~~(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to~~

C
o
p
y



1 discharge governmental services or functions on behalf of or
 2 ordinarily attributable to the civil taxing unit) to reduce its ad
 3 valorem property tax levies below the limits imposed by
 4 IC 6-1.1-18.5; plus

5 ~~(4)~~ (3) in the case of a county, an amount equal to the property
 6 taxes imposed by the county in 1999 for the county's welfare fund
 7 and welfare administration fund.

8 (b) The part of a county's certified distribution that is to be used as
 9 certified shares shall be allocated only among the county's civil taxing
 10 units. Each civil taxing unit of a county is entitled to receive a
 11 percentage of the certified shares to be distributed in the county equal
 12 to the ratio of its attributed levy to the total attributed levies of all civil
 13 taxing units of the county: **certified share during a calendar year in**
 14 **an amount determined in STEP TWO of the following formula:**

15 **STEP ONE: Divide:**

16 **(A) the attributed allocation amount of the civil taxing unit**
 17 **during that calendar year; by**

18 **(B) the sum of the attributed allocation amounts of all the**
 19 **civil taxing units of the county during that calendar year.**

20 **STEP TWO: Multiply the part of the county's certified**
 21 **distribution that is to be used as certified shares by the STEP**
 22 **ONE amount.**

23 (c) The local government tax control board established by
 24 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
 25 units that are entitled to receive certified shares during a calendar year.
 26 If the ad valorem property tax levy of any special taxing district,
 27 authority, board, or other entity is attributed to another civil taxing unit
 28 under subsection ~~(b)(2)~~, **(a)(2)**, then the special taxing district,
 29 authority, board, or other entity shall not be treated as having an
 30 attributed ~~levy~~ **allocation amount** of its own. The local government tax
 31 control board shall certify the attributed ~~levy~~ **allocation** amounts to the
 32 appropriate county auditor. The county auditor shall then allocate the
 33 certified shares among the civil taxing units of the auditor's county.

34 (d) Certified shares received by a civil taxing unit shall be treated
 35 as additional revenue for the purpose of fixing its budget for the
 36 calendar year during which the certified shares will be received. The
 37 certified shares may be allocated to or appropriated for any purpose,
 38 including property tax relief or a transfer of funds to another civil
 39 taxing unit whose levy was attributed to the civil taxing unit in the
 40 determination of its attributed ~~levy~~ **allocation amount**.

41 **SECTION 7. IC 6-3.5-6-1.1 IS ADDED TO THE INDIANA CODE**
 42 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**

C
o
p
y



JANUARY 1, 2006]: Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

STEP TWO: Determine the sum of the following:

(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes; to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount

**C
o
p
y**



1 that must be paid on a debt or lease in excess of the amount that
 2 would have been paid if the debt or lease had not been refinanced.
 3 The amount of the deduction is the annual amount for each year of
 4 the extension period or the annual amount of the increase over the
 5 amount that would have been paid.

6 (c) Except as provided in this subsection, an appropriation from
 7 property taxes to make payments on a lease is not deducted from
 8 the allocation amount for a civil taxing unit if:

9 (1) the lease was issued; and

10 (2) the proceeds were appropriated from property taxes;
 11 to refinance a debt obligation or lease issued before July 1, 2005.
 12 However, an appropriation from property taxes related to a lease
 13 entered into after June 30, 2005, is deducted if the lease extends
 14 payments on a debt or lease beyond the time in which the debt or
 15 lease would have been payable if it had not been refinanced or
 16 increases the total amount that must be paid on a debt or lease in
 17 excess of the amount that would have been paid if the debt or lease
 18 had not been refinanced. The amount of the deduction is the annual
 19 amount for each year of the extension period or the annual amount
 20 of the increase over the amount that would have been paid.

21 SECTION 8. IC 6-3.5-6-17 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Revenue
 23 derived from the imposition of the county option income tax shall, in
 24 the manner prescribed by this section, be distributed to the county that
 25 imposed it. The amount that is to be distributed to a county during an
 26 ensuing calendar year equals the amount of county option income tax
 27 revenue that the department, after reviewing the recommendation of the
 28 budget agency, determines has been:

29 (1) received from that county for a taxable year ending in a
 30 calendar year preceding the calendar year in which the
 31 determination is made; and

32 (2) reported on an annual return or amended return processed by
 33 the department in the state fiscal year ending before July 1 of the
 34 calendar year in which the determination is made;

35 as adjusted (as determined after review of the recommendation of the
 36 budget agency) for refunds of county option income tax made in the
 37 state fiscal year.

38 (b) Before August 2 of each calendar year, the department, after
 39 reviewing the recommendation of the budget agency, shall certify to the
 40 county auditor of each adopting county the amount determined under
 41 subsection (a) plus the amount of interest in the county's account that
 42 has accrued and has not been included in a certification made in a

C
o
p
y



preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), and (e). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed ~~a~~ **county option income tax**; or

(2) **increases the county option income tax rate**;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

C
o
p
y



(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 9. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the ~~total~~ property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls; plus, for a

C
o
p
y



1 county, an amount equal to the property taxes imposed by the
 2 county in 1999 for the county's welfare fund and welfare
 3 administration fund **allocation amount for the civil taxing unit**
 4 **for the calendar year in which the month falls.** The
 5 denominator of the fraction equals the sum of the total property
 6 taxes that are first due and payable to all civil taxing units of the
 7 county during the calendar year in which the month falls, plus an
 8 amount equal to the property taxes imposed by the county in 1999
 9 for the county's welfare fund and welfare administration fund
 10 **allocation amounts of all the civil taxing units of the county**
 11 **for the calendar year in which the month falls.**

12 (f) The department of local government finance shall provide each
 13 county auditor with the fractional amount of distributive shares that
 14 each civil taxing unit in the auditor's county is entitled to receive
 15 monthly under this section.

16 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 17 adopting county does not impose a property tax levy that is first due
 18 and payable in a calendar year in which distributive shares are being
 19 distributed under this section, that civil taxing unit is entitled to receive
 20 a part of the revenue to be distributed as distributive shares under this
 21 section within the county. The fractional amount such a civil taxing
 22 unit is entitled to receive each month during that calendar year equals
 23 the product of the following:

24 (1) The amount to be distributed as distributive shares during that
 25 month; multiplied by

26 (2) A fraction. The numerator of the fraction equals the budget of
 27 that civil taxing unit for that calendar year. The denominator of
 28 the fraction equals the aggregate budgets of all civil taxing units
 29 of that county for that calendar year.

30 (h) If for a calendar year a civil taxing unit is allocated a part of a
 31 county's distributive shares by subsection (g), then the formula used in
 32 subsection (e) to determine all other civil taxing units' distributive
 33 shares shall be changed each month for that same year by reducing the
 34 amount to be distributed as distributive shares under subsection (e) by
 35 the amount of distributive shares allocated under subsection (g) for that
 36 same month. The department of local government finance shall make
 37 any adjustments required by this subsection and provide them to the
 38 appropriate county auditors.

39 (i) Notwithstanding any other law, a county fiscal body may pledge
 40 revenues received under this chapter to the payment of bonds or lease
 41 rentals to finance a qualified economic development tax project under
 42 IC 36-7-27 in that county or in any other county if the county fiscal

C
o
p
y



body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 10. IC 6-3.5-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) After reviewing the recommendation of the budget agency, the department shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the

**C
o
p
y**



1 recommendation of the budget agency, may reduce the amount of the
 2 certified distribution over several calendar years so that any adjustment
 3 under this subsection is offset over several years rather than in one (1)
 4 lump sum.

5 (e) The department, after reviewing the recommendation of the
 6 budget agency, shall adjust the certified distribution of a county to
 7 provide the county with the distribution required under section 16(b)
 8 of this chapter.

9 (f) The department, after reviewing the recommendation of the
 10 budget agency, shall adjust the certified distribution of a county to
 11 provide the county with the amount of any tax increase imposed under
 12 section 25 or 26 of this chapter to provide additional homestead credits
 13 as provided in those provisions.

14 (g) This subsection applies to a county that:

15 (1) initially imposed **a the county economic development**
 16 **income tax; or**

17 (2) **increases the county economic development income rate;**
 18 under this chapter in the same calendar year in which the department
 19 makes a certification under this section. The department, after
 20 reviewing the recommendation of the budget agency, shall adjust the
 21 certified distribution of a county to provide for a distribution in the
 22 immediately following calendar year and in each calendar year
 23 thereafter. The department shall provide for a full transition to
 24 certification of distributions as provided in subsection (b)(1) through
 25 (b)(2) in the manner provided in subsection (c).

26 SECTION 11. [EFFECTIVE JANUARY 1, 2006] (a) **The**
 27 **definitions in IC 6-3.5 apply throughout this SECTION.**

28 (b) **IC 6-3.5-1.1-1, IC 6-3.5-1.1-12, IC 6-3.5-1.1-14, and**
 29 **IC 6-3.5-1.1-15, all as amended by this act, and IC 6-3.5-1.1-1.1, as**
 30 **added by this act, apply to the allocation among the civil taxing**
 31 **units and school corporations of the certified distribution of county**
 32 **adjusted gross income tax revenue made to a county for a year**
 33 **beginning after December 31, 2005.**

34 (c) **IC 6-3.5-6-1, IC 6-3.5-6-18, and IC 6-3.5-1.1-19, all as**
 35 **amended by this act, and IC 6-3.5-6-1.1, as added by this act, apply**
 36 **to the allocation among the civil taxing units of the certified**
 37 **distribution of county option income tax revenue made to a county**
 38 **for a year beginning after December 31, 2005.**

39 (d) **IC 6-3.5-7-12, as amended by this act, and IC 6-3.5-7-1.3,**
 40 **IC 6-3.5-7-4.5, and IC 6-3.5-4.9, all as added by this act, apply to**
 41 **the allocation among the county, cities, and towns of the certified**
 42 **distribution of county economic development income tax revenue**

C
o
p
y



1 made to a county for a year beginning after December 31, 2005.
 2 SECTION 12. [EFFECTIVE UPON PASSAGE] Notwithstanding
 3 IC 6-3.5-1.1-11(b), IC 6-3.5-6-17(b), and IC 6-3.5-7-11(b), all as
 4 amended by this act, the department of state revenue shall, before
 5 August 2, 2005, adjust the certified distribution of a county made
 6 on or before August 2, 2004, in accordance with IC 6-3.5-1.1-9(f),
 7 IC 6-3.5-6-17(e), and IC 6-3.5-7-11(g), all as amended by this act.
 8 SECTION 13. An emergency is declared for this act.

**C
o
p
y**



SENATE MOTION

Madam President: I move that Senator Hume be added as second author of Senate Bill 609.

KENLEY

**C
o
p
y**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 609, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 609 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

**C
o
p
y**



SENATE MOTION

Madam President: I move that Senate Bill 609 be amended to read as follows:

Replace the effective date in SECTION 3 with "[EFFECTIVE JULY 1, 2005]".

Replace the effective date in SECTION 10 with "[EFFECTIVE JULY 1, 2005]".

Replace the effective date in SECTION 16 with "[EFFECTIVE JULY 1, 2005]".

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 33.

Page 2, line 39, delete "operating budget of" and insert "**allocation amount for**".

Page 2, line 40, delete "under STEP FIVE of" and insert "**using**".

Page 2, line 42, delete "annual budget of" and insert "**sum of the total property taxes being collected by**".

Page 3, line 1, after "corporation" insert "**during the calendar year of the distribution**".

Page 3, line 3, after "appropriated" insert "**from property taxes**".

Page 3, line 7, after "appropriated" insert "**from property taxes**".

Page 3, line 10, delete "is:" and insert "**are:**".

Page 3, line 14, after "appropriated" insert "**from property taxes**".

Page 3, delete lines 17 through 18.

Page 3, delete lines 21 through 30, begin a new line block indented and insert:

"STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year."

Page 3, line 31, after "appropriation" insert "**from property taxes**".

Page 3, line 33, delete "operating budget of" and insert "**allocation amount for**".

Page 3, line 36, after "appropriated" insert "**from property taxes**".

Page 3, line 38, after "appropriation" insert "**from property taxes**".

Page 3, line 39, delete "to the extent that" and insert "**if**".

Page 4, line 2, after "refinanced." insert "**The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid."**

Page 4, line 3, after "appropriation" insert "**from property taxes**".

Page 4, line 4, delete "operating".

C
o
p
y



Page 4, line 5, delete "budget of" and insert "**allocation amount for**".

Page 4, line 7, after "appropriated" insert "**from property taxes**".

Page 4, line 9, after "appropriation" insert "**from property taxes**".

Page 4, line 10, delete "to the extent that" and insert "if".

Page 4, line 15, after "refinanced." insert "**The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.**".

Page 6, line 39, delete "12" and insert "12,".

Page 6, line 40, reset in roman "13,".

Page 7, line 7, reset in roman "Except as provided in section 13 of this chapter,".

Page 7, line 22, delete "operating budget of" and insert "**allocation amount for**".

Page 7, line 31, delete "operating budgets" and insert "**allocation amounts**".

Page 7, line 38, reset in roman "(after".

Page 7, line 39, reset in roman "adjustment made under section 13 of this chapter)".

Page 8, line 1, reset in roman "(a) In".

Page 8, reset in roman lines 2 through 6.

Page 8, line 7, reset in roman "(b)".

Page 8, line 7, delete "(a)".

Page 8, line 13, reset in roman "(c)".

Page 8, line 13, delete "(b)".

Page 8, line 18, delete "(c)" and insert "**(d)**".

Page 8, line 18, delete "(d)," and insert "**(e),**".

Page 8, line 26, strike"(d)" and insert "**(e)**".

Page 8, line 39, delete "operating budget"" and insert "**allocation amount**".

Page 9, line 1, delete "operating budget" and insert "**allocation amount**".

Page 9, line 2, delete "and" and insert "**plus**".

Page 9, line 3, reset in roman "current ad valorem property tax levy".

Page 9, line 3, delete "**operating budget**".

Page 9, line 6, delete "unit." and insert "unit;".

Page 9, line 6, reset in roman "plus".

Page 9, line 14, after "(4)" insert "**(3)**".

Page 9, line 14, reset in roman "in the case of a county, an amount equal to the property taxes".

C
o
p
y



Page 9, reset in roman lines 15 through 16.

Page 9, line 25, delete "operating budget" and insert "**allocation amount**".

Page 9, line 27, delete "operating budgets" and insert "**allocation amounts**".

Page 9, line 32, reset in roman "The local government tax control board established by".

Page 9, reset in roman lines 33 through 36.

Page 9, line 37, reset in roman "under subsection".

Page 9, line 37, after "(b)(2)," insert "**(a)(2)**".

Page 9, line 37, reset in roman "then the special taxing district, authority,".

Page 9, line 38, reset in roman "board, or other entity shall not be treated as having an attributed".

Page 9, line 38, after "levy" insert "**allocation amount**".

Page 9, reset in roman line 39.

Page 9, line 40, reset in roman "attributed".

Page 9, line 40, after "~~levy~~" insert "**allocation**".

Page 9, line 40, reset in roman "amounts to the appropriate county auditor.".

Page 9, line 40, delete "The county"

Page 9, delete line 41.

Page 9, line 42, delete "unit is to receive during a calendar year.".

Page 10, line 8, reset in roman "levy".

Page 10, line 8, delete "operating budget".

Page 10, line 9, delete "operating budget." and insert "**allocation amount**".

Page 10, delete lines 10 through 42.

Page 11, delete lines 1 through 18.

Page 11, line 23, delete "operating budget of" and insert "**allocation amount for**".

Page 11, line 24, delete "under STEP FIVE of" and insert "**using**".

Page 11, line 26, delete "annual budget of" and insert "**the total property taxes that are first due and payable to**".

Page 11, line 27, after "unit" insert "**during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund**".

Page 11, line 29, after "appropriated" insert "**from property taxes**".

Page 11, line 33, after "appropriated" insert "**from property taxes**".

Page 11, line 36, delete "is:" and insert "**are:**".

Page 11, line 40, after "appropriated" insert "**from property taxes**".

C
o
p
y



Page 12, delete lines 1 through 2.

Page 12, delete lines 5 through 12 begin a new line block indented and insert:

"STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year."

Page 12, line 13, after "appropriation" insert **"from property taxes"**.

Page 12, line 15, delete "operating budget of" and insert **"allocation amount for"**.

Page 12, line 17, after "appropriated" insert **"from property taxes"**.

Page 12, line 19, after "appropriation" insert **"from property taxes"**.

Page 12, line 20, delete "to the extent that" and insert **"if"**.

Page 12, line 25, after "refinanced." insert **"The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid."**

Page 12, line 26, after "appropriation" insert **"from property taxes"**.

Page 12, line 27, delete "operating".

Page 12, line 28, delete "budget of" and insert **"allocation amount for"**.

Page 12, line 30, after "appropriated" insert **"from property taxes"**.

Page 12, line 32, after "appropriation" insert **"from property taxes"**.

Page 12, line 33, delete "to the extent that" and insert **"if"**.

Page 12, line 38, after "refinanced." insert **"The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid."**

Page 14, line 34, delete "(i)" and insert "(i);".

Page 14, line 34, delete "(g);".

Page 15, line 4, reset in roman "(i),".

Page 15, line 4, delete "(g),".

Page 15, line 21, delete "operating budget of" and insert **"allocation amount for"**.

Page 15 line 27, delete "operating budgets" and insert **"allocation amounts"**.

Page 15, reset in roman lines 34 through 42.

Page 16, reset in roman lines 1 through 14.

C
o
p
y



Page 16, line 15, reset in roman "(i)".

Page 16, line 15, delete "(g)".

Page 16, delete lines 22 through 42.

Delete page 17.

Page 18, delete lines 1 through 40.

Page 20, delete lines 21 through 42.

Delete page 21.

Page 22, delete lines 1 through 16.

Renumber all SECTIONS consecutively.

(Reference is to SB 609 as printed February 9, 2005.)

WEATHERWAX

C
O
P
Y

